

1-1-1975

Washington report, vol. 4 no. 11, May 12, 1975

American Institute of Certified Public Accountants. Federal Information

Wade S. Williams

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_news



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

American Institute of Certified Public Accountants. Federal Information and Williams, Wade S., "Washington report, vol. 4 no. 11, May 12, 1975" (1975). *Newsletters*. 476.
https://egrove.olemiss.edu/aicpa_news/476

This Article is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Newsletters by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

May 12, 1975, Volume IV, Issue 11

CASB	Standard for Acquisition Costs of Material Issued; Standard on Measurement of Pension costs proposed.	p. 1
	AICPA submits statement on Standard for Depreciation of Tangible Assets.	p. 1
COWPS	Product-line reporting approved.	p. 1
FEA	New form proposed; price controls to be phased out	p. 1
FHLBB	Audit guidance published	p. 1
	Annual Report released	p. 2
FRB	Fair Credit Billing Act regulations issued for comment	p. 2
	Bank holding company disclosure problems	p. 2
FTC	Corporate Patterns Report withdrawn.	p. 2
ICC	Comment period on reporting proposal extended.	p. 2
Justice	Antitrust law changes considered	p. 3
	Antitrust booklet for consumers now available.	p. 3
DOL	EBS Form 1 available this week	p. 3
SEC	SEC to monitor competitive commission rates.	p. 3
	Conferees moving slow on securities bill	p. 3
	Inflation impact disclosure being considered	p. 3
	AICPA testifies at environmental hearing	p. 4
SBA	More funds available for direct loan program	p. 4
Treasury	DISC report issued	p. 4
	House provides "guidance" on tax reform.	p. 4
	IRS announces suit to disclose private rulings	p. 4
	Leveraged leases revenue procedure issued.	p. 4
Special	Operational auditing course announced.	p. 5

COST ACCOUNTING STANDARDS BOARD

The Finalized Standard on Accounting for Acquisition Costs of Material (411) appears in the 5/5/75 Fed. Reg., p. 19425. LIFO has been added as a permissible method, but the Board included a requirement that the costing method used be applied in a manner which results in systematic and rational costing of issues of material to specific cost objectives.

In addition, a proposed Standard on the Composition and Measurement of Pension Costs (412) appears in that issue of the Register at p. 19486. The proposal notes that the Board believes the provisions of this standard to be in consonance with the 1974 Pension Reform Act. Comments are due by 7/7/75. For additional information, call 202/386-5554.

A hearing on the Standard on Depreciation of Tangible Assets (409) was held before Rep. Ashley's (D-Ca.) Economic Stabilization Subcommittee of the House Banking Committee. The Audit Standards Division has provided for members of that Subcommittee, as well as those of the Senate Subcommittee chaired by Senator Cranston (D-Ca.), a position paper setting forth the Institute's views with respect to this Standard.

COUNCIL ON WAGE AND PRICE STABILITY

Legislation permitting the Council to require companies to give information on costs and profits by product lines has passed the Senate. The bill (S. 409) as reported by the Senate Banking Committee was drastically modified and turned out to be a mere extension of the life of the Council. The amendment, sponsored by Sens. Stevenson (D-IL), Humphrey (D-MN), and Javits (R-NY), which came as a surprise, included subpoena power for the Council to demand testimony and books and records. As passed, the Council's life is extended to 6/30/76. The House has no comparable bill pending.

FEDERAL ENERGY ADMINISTRATION

A new form (Form FEA P110-M-1) for reporting Refiners' Monthly Cost Allocations is being proposed. It will replace Form FEO-96. The form was published in the 5/1/75 Fed. Reg., p. 19120, along with supporting schedules.

A two-year phase-out of all price controls on crude oil at the producer level has been proposed (5/2/75 Fed. Reg., p. 19219). This is part of the White House "energy independence" program which was announced earlier this year. A public hearing on the issue is scheduled for Tuesday of this week in Washington, D.C.

FEDERAL HOME LOAN BANK BOARD

"Bulletin PA-7 and Related Regulations", prescribing specific requirements for audits of insured institutions performed by IPAs, has been released. This is an update of previous Bulletins and incorporates present accounting and auditing policy statements and regulations. Copies were mailed to accountants who presently have an insured institution as a client. Others may obtain copies from any District Director - Examinations, not from the Washington headquarters.

The Board's 1974 Annual Report has been released as a special issue of the "FHLBB Journal" (April, 1975). The report summarizes major developments during the year, and notes the re-establishment of the Chief Accountant's Office. Also, it states that the prescribed Form and Content of Financial Statements provisions in the conversion regulations are being revised. Single copies are available from the GPO at \$2.05 each, and an annual subscription to the monthly "Journal" costs \$24.50.

FEDERAL RESERVE BOARD

Proposed regulations to implement the Fair Credit Billing Act (P.L. 93-495) have been published (see 5/5/75 Fed. Reg., p. 19489). The aim of the proposed regulations is to help consumers resolve credit billing disputes promptly and fairly where credit is extended by use of a credit card or other open-end credit accounts. Comments are due by 5/30/75.

Dire results were forecast for the economy and the banking industry by Chairman Burns if banks are forced to make the types of disclosure the SEC is demanding. In a letter to Sen. McIntyre (D-NH), Mr. Burns charged that the SEC's requirements for full disclosure by bank holding companies, particularly in the area of potential loan losses, will cause banks and bank holding companies to refrain from issuing new securities and thus retard the nation's economic recovery through the banks' failure to generate new capital.

A more conciliatory tone was heard, however, when Commissioner John Evans recently stated that the SEC is proceeding on a case-by-case basis toward a resolution of the disclosure policy conflicts. Mr. Evans acknowledged that a number of registrations have been filed and, while many of the filings are omitting SEC requested data, the Commission is ready to negotiate with the appropriate bank regulator over what should be disclosed. Both Burns and Evans noted the formation of a joint task force comprised of the SEC, FRB, FDIC, and Comptroller of the Currency to discuss "questions of mutual concern."

FEDERAL TRADE COMMISSION

The Corporate Patterns Report (CPR) has been withdrawn, at least temporarily. In announcing that the Bureau of Economics would not presently seek full Commission approval of the report on 1972 sales, ownership and market structure data from the nation's 1200 largest manufacturers, Director Frederick M. Scherer stated that both OMB and the Census Bureau have voiced strenuous objections. The Census Bureau particularly fears that the CPR program, which closely parallels the Census of Manufactures, would cause companies to refuse to participate in that census. Meetings between officials of the three agencies are being scheduled to try and work out an accommodation.

INTERSTATE COMMERCE COMMISSION

The comment period has been extended on the order proposing an addition to and expansion of certain corporate disclosure requirements (see 4/7/75 Wash. Report, Issue 6). By order dated May 5th, comments will now be accepted until 6/20/75.

JUSTICE, DEPARTMENT OF

Legislation broadening the authority of the Justice Department to conduct pre-merger investigations, including the power to question individuals as well as corporations, has been endorsed by Thomas Kauper, head of the Antitrust Division, and Chairman Engman of the Federal Trade Commission. In hearings last week before the Senate Subcommittee on Antitrust and Monopoly, both agencies spoke out in favor of S. 1284, co-sponsored by Subcommittee Chairman Hart (D-Mich.) and Minority Leader Scott (R-PA). The bill would also raise the penalty for disobeying an FTC "special order" from \$100 per day to \$5,000 per day; require 60 days advance notice of a planned merger by big corporations and allow the agencies to sue during that period to block the merger; and allow state attorneys general to file triple-damage suits on behalf of their citizens against companies guilty of price-fixing or other antitrust violations.

"Antitrust Enforcement and the Consumer" is a new pamphlet being readied for distribution. Prepared at the suggestion of Ralph Nader, the pamphlet answers such questions as what do the antitrust laws do for the consumer; what do antitrust laws prohibit and who enforces them; and what role can the consumer play in enforcement, what should he look for and who should be contacted if he feels a violation has occurred? Copies will be available free of charge after July 1st from Antitrust Consumer Information, Pueblo, Colorado 81009.

LABOR, DEPARTMENT OF

The deadline for filing form EBS-1 has been officially postponed until 8/31/75. The new forms and schedules are being mailed this week to approximately 550,000 pension plan administrators registered with the Internal Revenue Service. In addition, the form will be reprinted in the Federal Register. For additional information call 202/523-0769.

SECURITIES AND EXCHANGE COMMISSION

Reporting rules designed to aid the Commission in monitoring the impact of competitive commission rates have been adopted (Rel. 34-11395, 5/2/75). Rule 17a-20 will require monthly reports on Form X-17A-20 on a range of financial items from brokerage firms with revenues of \$5 million or more in either 1973 or 1974. Firms with revenues between \$500,000 and \$5 million will be required to report quarterly.

Conferees will meet again tomorrow to try and reach an agreement on the omnibus securities reform bill (S. 249). After meeting twice, the House and Senate conferees had to postpone further meetings until May 13th due to "other more pressing business." Although staff members refused to comment on what differences remain, they termed the issues "resolvable."

Chief Accountant Burton has announced that a proposal requiring companies to partially disclose the impact of inflation on their operations will probably be released before the end of June. Speaking at a conference of financial executives and accountants in Pittsburgh last Wednesday, Mr. Burton said that although the details are still being debated, the thrust of the final proposal would be to require that companies show the replacement costs of their fixed assets and inventories, probably as an unaudited supplement to their income statements.

Arthur Toan, Jr., CPA, Chairman of the AICPA task force on the SEC environmental and social disclosure issue, testified last Thursday that the development of techniques for gathering and reporting such information should be encouraged. In presenting the Institute's position during the fourth week of SEC hearings, Mr. Toan said the comments were directed to areas in which the profession has substantial expertise, namely measurement, presentation and attestation of information.

Others to testify recently included Ralph Nader, who said the SEC should refrain from a "head count" of those interested in the information in order to justify disclosure; the National Association of Manufacturers, who queried SEC's authority to require such disclosure without new legislation; and the Ford Foundation, which termed the hearings "part of a process of making it possible for stockholders . . . to assert themselves." When asked whether the gathering of data on a firm's environmental emissions would be a burdensome task for a corporation, Mr. Nader replied: "Hopefully it will be a very large burden so that it costs them more to find out than to damage."

SMALL BUSINESS ADMINISTRATION

An additional \$66 million in direct loan funds for small businesses is being made available until 6/30/75 through the SBA's ten regional offices. The direct loan funds are being made available because the guarantee loan programs with banks earlier this fiscal year experienced a sharp drop both in the number of loans made and the dollar volume.

TREASURY, DEPARTMENT OF

"The Operation and Effect of the Domestic International Sales Corporation Legislation" report for 1973 is now available. Dated 4/15/75, this second report to Congress provides an analysis of the operation and effect of the law authorizing the creation of DISCs. Copies of the report are available by calling 202/964-5985.

Where will the revenue gains come from to offset the large budget deficits?


During the recent House debate on the budget resolution, Rep. Reuss (D-Wis.) offered an amendment which was adopted providing "direction" to the Ways and Means Committee on where to raise an additional \$3 billion in revenues by closing certain "loopholes". The Reuss list included: Repeal DISCs; restoring a minimum tax (10 percent rate); remove the gasoline tax deduction; change foreign-source income provisions; repeal rule for state and local bond interest exemption; curtail certain "farm" losses; restrict the deduction for mortgage interest to the taxpayer's primary residence; repeal ADR. Mr. Reuss' remarks appear in the 5/1/75 Cong. Record, p. H3562.

A suit to require the IRS to disclose its index to unpublished letter rulings and all rulings issued on or after 7/4/67 has been filed. IRS is making the suit known in order that any person who received unpublished letter rulings may take whatever action or make whatever comment determined appropriate.

Procedures and guidelines (Rev. Proc. 75-28) to be used for advance rulings for the purpose of determining whether a transaction is in fact a leveraged lease for income tax purposes have been issued. (TIR 1371 of 5/5/75). For copies, call 202/964-4054.

SPECIAL: FGAA TO OFFER TWO-DAY COURSE IN: "OPERATIONAL AUDITING - BASIC"

The Federal Government Accountants Association has recently announced the initial offering of a two-day course in operational auditing. The course will be offered immediately following the FGAA 25th annual symposium, which is being held at the Doral Hotel in Miami Beach, Florida, June 16-18. The sessions begin on June 19 and will cover operational auditing concepts objectives and techniques of performance. The course provides an excellent means to familiarize new government and company auditors with operational auditing concepts. Discussion leaders experienced in operational auditing will include representatives from the Department of Commerce; DOD; HEW; and GAO. The registration fee of \$100 covers all course materials. For additional information and a registration form, call FGAA at 703/684-6931.


Wade S. Williams
Manager
Federal Information

For further information, please contact:
Wade Williams or Dan Myers
202/872-8190

AICPA *Washington Report*

American Institute of Certified Public Accountants
1620 Eye Street, N.W., Washington, D.C. 20006